



To: Annette Ramirez/ClerkRec/COSLO@Wings,
Cc:
Bcc:
Subject: Fw: Agenda Item #32; August 12, 2014; Letter of Support on State Water and Lopez Water from Oceano Community Services District Board of Directors
From: Julie Rodewald/ClerkRec/COSLO - Thursday 08/07/2014 05:15 PM

From: "Paavo" <paavo@oceanocsd.org>
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Date: 08/07/2014 04:21 PM
Subject: Agenda Item #32; August 12, 2014; Letter of Support on State Water and Lopez Water from Oceano Community Services District Board of Directors

Members of the Board of Supervisors,

Attached is a letter from the Oceano CSD Board of Directors that they approved at a special meeting last night. The staff report can be found at:

<http://oceanocsd.org/agendas/08062014%20FINAL%20AGENDA%20PACKET.pdf>

Hope all is well.

Paavo Ogren, General Manager
Oceano Community Services District



Final Letter to BOS.pdf



NOTICE OF SPECIAL MEETING
OCEANO COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS
Wednesday August 6, 2014 at 7:30 PM
Oceano Community Service District Board Room
1655 Front Street, Oceano, CA

All persons desiring to speak during any Public Comment period are asked to fill out a "Board Appearance Form" to submit to the Committee Chair prior to the start of the meeting. Each individual speaker is limited to a presentation time of THREE (3) minutes. Time limits may not be yielded to or shared with other speakers. Comments must specifically address the items on this Special Meeting Notice.

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA:** Members of the public may address the Board on matters of interest within the jurisdiction of the Board that are not listed on the agenda. Public Comment is limited to three (3) minutes.
4. **PUBLIC COMMENT:** Members of the public may address the Board but must limit their comments to the item contained in this Special Meeting Notice.
5. **BUSINESS ITEM:**
Consideration of a letter to the Board of Supervisors on State Water and Lopez Water Supplies
6. **ADJOURNMENT:**

All written documentation, if any, including any supplemental material distributed to a majority of the Board within 24 hours of a special meeting, relating to each item of business on the agenda are available for public inspection during regular business hours in the Secretary to the Board's office, 1655 Front St, Oceano, CA. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by the Americans with Disabilities Act. Consistent with the American with Disabilities Act and California Government Code §54954.2 requests for disability related

Board of Directors Meeting, modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires the modification or accommodation in order to participate at the referenced public meeting by contacting the District General Manager at 805-481-6730 at the earliest opportunity prior to the meeting.

This notice was prepared and posted pursuant to Government Code Section 54956. Agenda is posted at the Oceano Community Services District, 1655 Front Street, Oceano.

Agenda reports, if available, can be accessed and downloaded from the Oceano Community Services District website at www.oceanocsd.org.

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Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

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To: Board of Directors
From: Paavo Ogren, General Manager 
Date: August 6, 2014
Subject: Consideration of a letter to the Board of Supervisors on State Water and Lopez Water Supplies

Recommendation

It is recommended that the Board consider approval of the letter in Exhibit "A" to send to the Board of Supervisors and direct the President to execute.

Discussion

On August 12, 2014, the San Luis Obispo County Board of Supervisors is scheduled to consider a monthly report on the status of the drought emergency. As part of that report, preliminary recommendations on the delivery of State Water in 2015 will be discussed. Exhibit "B" is a letter from County staff illustrating their preliminary recommendations. Overall, the preliminary recommendations should be supported by your Board, with specific points outlined below and further addressed in the letter to the Board of Supervisors.

In addition, on August 19, 2014, the Board of Supervisors is expected to take action on Lopez Water, including the 2014-15¹ surplus water determination. Likewise, discussion on the Lopez Water 'Low Reservoir Release Plan' (LRRP) is ongoing. The LRRP identifies how Lopez Water deliveries will be reduced if the drought persists and lake levels continue to decline. The attached letter to the Board of Supervisors also provides recommendations from OCSD to the County on Lopez Water.

The letter to the Board of Supervisors includes the following points:

- Expresses appreciation for the 2015 State Water Preliminary Recommendations prepared by County staff.
- Supports a call for a meeting with San Luis Obispo County State Water Sub-contractors:

¹ The 'water year' for Lopez is from April 1st through March 31st of the subsequent year. The water year for State Water is the calendar year.

- So that the underlying needs of State Water Subcontractors, especially in comparison to their other available supplies, can be better understood.
- So that maximum delivery of available State Water during the drought can help to reduce the impact on local water resources.
- So that the preliminary recommendations can be finalized and submitted to the Board of Supervisors in a timely manner.
- Supports the 2014-15 declaration of Surplus Water and emergency water for Lopez Water Contractors based on the preliminary 2015 State Water recommendations and the current status of the Lopez LRRP.
- States the position that 2015 delivery of State Water should be considered a higher priority than delivery of Lopez 'Surplus' Water or pumping of NCMA groundwater to help preserve local water resources.
- Expresses a commitment by OCSD to help ensure the delivery of State Water in a fair and equitable manner for the overall best management of Lopez Water and NCMA groundwater supplies.
- Expresses support for preliminary recommendations that are being developed for the Lopez Water LRRP.

In addition to addressing the water supply issues, an increasing emphasis on water conservation will be needed in the coming months and into 2015 if the drought persists. Staff has prepared an analysis of water conservation for 2014 in comparison to the same billing periods in 2013. Details by billing period and customer category are included in Exhibit "C."

- In 2014, OCSD water consumption has decreased 6% compared to the same period in 2013.
- Water consumption in the most recent billing period (May – July) has decreased by 9%, as compared to the same billing period in 2013.

The State Water Board has also recently adopted some mandatory conservation efforts that will need to be implemented. Details on the emergency water conservation regulations can be found at:

http://www.swrcb.ca.gov/waterrights/water_issues/programs/drought/emergency_regulations_waterconservation.shtml

Exhibit "D" is the 'Fact Sheet' prepared by the State Water Board on the emergency regulations. Although OCSD is exempt from some of the specific requirements, we should still be considering all of them in the event the drought persists. For example, OCSD is exempt from the requirement to develop a contingency plan that would establish mandatory restrictions on outdoor water. A contingency plan would, nevertheless, be consistent with the development of the Lopez Water LRRP and other water resource strategies associated with State Water and NCMA groundwater.

Additional supplemental background information is provided in Exhibits "E" and "F."

Other Agency Involvement

State Water deliveries are being coordinated with the County of San Luis Obispo. Lopez deliveries and the LRRP are being coordinated with the County and Zone 3 agencies. Groundwater management strategies are being coordinated with NCMA agencies.

The Zone 3 Advisory Committee voted in support of Lopez Surplus water deliveries for water year 2014-15, with OCSD voting 'no.' If Lopez Surplus water is delivered, then OCSD will utilize its proportionate share. The recommendations in the letter to the Board of Supervisors modifies the OCSD current position because 1) the 2015 State Water preliminary recommendations help to reduce reliance on Lopez Water and NCMA groundwater 2) the status of the LRRP will end declaration of surplus water from downstream releases and 3) State Water Board emergency regulations requirements, as shown in Exhibit "D."

Other Financial Considerations

There are no financial costs associated with the recommended action.

Financial implications associated with water conservation and other water resource strategies can be significant and will be provided to your Board when specific action items are presented to your Board for consideration and approval.

Current year budget implications associated with water conservation will be addressed in the first quarter financial report. Assumptions for water conservation and reduced revenues of 10% are included in the 2014-15 budget.

Results

The results of the recommended action are to provide the Board of Supervisors with input and recommendations from your Board on drought related items that the County is considering.

Exhibits:

- A: Letter to Board of Supervisors
- B: Preliminary 2015 State Water recommendations from County Public Works
- C: 2014 Water Conservation Information
- D: State Water Board Mandatory Water Conservation Regulations
- E: Supplemental Background Information
- F: State Water Allocations and other Information



Oceano Community Services District

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San Luis Obispo County Board of Supervisors

Bruce Gibson, Board Chair

Caren Ray, 4th District Supervisor

Frank Mecham, 1st District Supervisor

Adam Hill, 3rd District Supervisor

Debbie Arnold, 5th District Supervisor

Date: August 6, 2014

Subject: Letter of Support on State Water and Lopez Water actions

Dear Members of the Board of Supervisors,

The purpose of this letter is to provide you with the recommendations from the Board of Directors of the Oceano Community Services District (OCSD) on water resources issues that we understand you will be considering for OCSD and other agencies who contract with the San Luis Obispo County Flood Control and Water Conservation District (Flood Control District) for State Water and Lopez Water supplies.

As you are aware, the water resources for the Five Cities area is served by State Water, Lopez Water and groundwater underlying the Northern Cities Management Area (NCMA). These three sources of supply have been vital in meeting the agricultural and municipal needs of the Five Cities and promoting our local economy. OCSD has been proactively ensuring water resource reliability since joining and paying for State Water for over 20 years and reducing our reliance on Lopez and groundwater.

Despite the long term commitment to water resource reliability by OCSD, the current drought is impacting all agencies in our sub-region of the County. The 95% cut-back in the 2014 State Water allocation, declining groundwater levels, and the increased reliance on Lopez Water in 2014 are significant causes of concern. It is therefore understandable that we are pleased and support preliminary recommendations of County Public Works staff to allocate 750 acre feet of the Flood Control District's carryover water in the State Water Project to OCSD for 2015.

We understand that the preliminary recommendations are based on evaluating water needs during the drought versus optional supplies available to local agencies. We also understand that the preliminary recommendations support preservation of local water resources by bringing

Agenda Item No: 32 • Meeting Date: August 12, 2014
Presented By: Paavo Ogren

in State Water that is currently available. OCSD is committed to working with the other agencies utilizing Lopez Water and NCMA groundwater to ensure that this strategy can be implemented in a fair and equitable manner for all agencies reliant on local water resources while at the same time meeting the needs of our customers during the drought. In summary, if your Board supports your staff recommendations, OCSD's first priority will be working with our neighboring communities during this drought so that State Water, Lopez Water and NCMA groundwater can be managed conjunctively and in a fiscally equitable manner.

Likewise, we are committed to working with the other local agencies in addressing future reliability, including those issues that are currently being studied by the Flood Control District on issues such as water recycling and groundwater basin characterization. Later this month, we will be considering the update to the Integrated Regional Water Management Plan. In the coming months, we will initiate and promote dialogue between the NCMA agencies and agencies who obtain groundwater underlying the Nipomo Mesa Management Area (NMMA).

Lastly, we wish to express our support for current discussions on the Low Reservoir Release Plan (LRRP) for Lopez Water and a declaration of Surplus Water for water year 2014-15. The current LRRP identifies the need to modify the management of Lopez Lake once reservoir levels drop to 20,000 acre feet in storage (afis), which is estimated to occur later this year. These current efforts have created several LRRP operating scenarios which will be used to ensure that Lopez Water can meet an additional 3 – 4 years of demand, with corresponding increases in conservation as Lopez deliveries are reduced. Most notably, we are pleased with discussions that acknowledge the need to curtail the allocation of surplus water generated from downstream users after reaching 20,000 afis, and the ability for each agency to carryover their water while the LRRP is in effect.

Although the LRRP has additional work before it can be presented to you for action, the progress on the LRRP provides us the confidence that the County and other agencies are realistically facing the water resource challenges of this drought, and that everyone is preparing for increasing levels of conservation. Although more is yet to be done, the OCSD customers have reduced consumption by about 6% since the beginning of the year and 9% for the most recent billing period. Our support for Surplus Water is specifically for the calculation where the use of Entitlement Water is counted first, which is consistent with historical methodology and was only modified due to concerns for flooding in Oceano if Lopez Dam spilled in 2011-12. With progress on the LRRP, we also support your judgment and use of your emergency powers to approve additional Lopez Water deliveries for water year 2014-15 in order to reduce overall groundwater pumping while local agencies fully develop their drought contingency plans as required by the State Water Board.

In summary, the following points reflect the recommendations of the OCSD Board of Directors:

- Expresses appreciation for the 2015 State Water Preliminary Recommendations prepared by County staff.
- Supports a call for a meeting with San Luis Obispo County State Water Sub-contractors:
 - So that the underlying needs of State Water Subcontractors, especially in comparison to their other available supplies, can be better understood.
 - So that maximum delivery of available State Water during the drought can help to reduce the impact on local water resources.
 - So that the preliminary recommendations can be finalized and submitted to the Board of Supervisors in a timely manner.

- Supports the 2014-15 declaration of Surplus Water and emergency water for Lopez Water Contractors based on the preliminary 2015 State Water recommendations and the current status of the Lopez LRRP.
- States the position that 2015 delivery of State Water should be considered a higher priority than delivery of Lopez 'Surplus' Water or pumping of NCMA groundwater to help preserve local water resources.
- Expresses a commitment by OCSD to help ensure the delivery of State Water in a fair and equitable manner for the overall best management of Lopez Water and NCMA groundwater supplies.
- Expresses support for preliminary recommendations that are being developed for the Lopez Water LRRP.

We look forward to continued collaboration with our neighboring communities and appreciate the work of the County and the Public Works Department.

Sincerely,

Matthew Guerrero
President, Oceano Community Services District.



SAN LUIS OBISPO COUNTY DEPARTMENT OF PUBLIC WORKS

County Government Center, Room 206 • San Luis Obispo CA 93408 • (805) 781-5252

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email address: pwd@co.slo.ca.us

Memorandum

Date: July 29, 2014
To: State Water Subcontractors
From: Mark Hutchinson, Deputy Director
Subject: Preliminary District Carryover Distribution for 2015

This memorandum is intended to initiate discussions among our agencies regarding the distribution of the Flood Control District's carryover State Water in 2015. By the end of this calendar year, individual agency carryover will be insufficient to meet full allocation amounts for all but two local agencies. At the same time, the District is projected to have 2,256 acre feet of carryover available.

Criteria and assumptions used to develop the preliminary delivery proposal include:

- Zero State Water Deliveries for 2015
- Water stored in the State's San Luis Reservoir may not be deliverable beyond 2015 due to system issues related to moving small amounts of water, therefore it is appropriate to move stored water into the County during 2015
- Availability and condition of individual agencies' overall water supplies

2015 State Water Deliveries are preliminary at this time because of the following:

- Deliveries from the State Water Project may change, depending on precipitation amounts and other factors beyond the District's control
- Local State Water subcontractors have not yet fully reviewed the proposal; it is important that we understand the comments and concerns of affected agencies

- Other local water supply conditions may necessitate changes in deliveries to meet basic human health and safety needs

The preliminary State Water delivery schedule for 2015 is not based solely on a "percentage of allocation". While such an approach may be considered more "fair", this preliminary delivery schedule is focused on using District carryover water to mitigate the effects of the current drought in an effective manner. Consideration is given to the overall water supply available to each participant both for the coming year, and as best can be predicted, through 2016.

Please review the following and provide your thoughts/comments/questions. Also, please indicate your preferences regarding a meeting of SLO County State Water Subcontractors. Note that this same proposal, clearly identified as preliminary, is part of a regular drought update scheduled for the County Board of Supervisors for August 12.

PRELIMINARY STATE WATER DELIVERY FOR 2015						
Project Participant	Table A Amount	Carryover to 2015	Deliveries 2015			Remaining
			Agency Carryover	District Carryover	Total Projected Deliveries	
City of Morro Bay	1313	2144	1151	0	1151	993
CMC	400	20	20	335	355	0
County Ops Center	425	21	21	100	121	0
Cuesta College	200	11	11	109	120	0
City of Pismo Beach	1240	202	202	898	1100	0
Oceano CSD	750	38	38	750	788	0
San Miguelito MWC	275	395	130	0	130	265
Avila Beach CSD	100	0	0	40	40	0
Avila Valley MWC	20	0	0	20	20	0
San Luis Coastal USD	7	3	3	4	7	0
Shandon	100	0	0	0	0	0
SUBTOTAL	4830	2834	1576	2256	3832	1258
SLOCOFC&WCD	20170	2256				0
TOTAL	25000	5090				

OCEANO COMMUNITY SERVICES DISTRICT - WATER CONSUMPTION INFORMATION

UTILITY BILLING	JAN - JULY 2013 CONSUMPTION	JAN - JULY 2014 CONSUMPTION	DIFFERENCE IN CONSUMPTION	%
RESIDENTIAL CUSTOMERS				
RESIDENTIAL	123,558	116,882	(6,676)	-6%
RES OUT OF AREA	8,839	8,201	(638)	-8%
RESIDENTIAL SPLIT	8,644	7,308	(1,336)	-15%
TOTAL RESIDENTIAL	141,041	132,391	(8,650)	-6%
COMMERCIAL CUSTOMERS				
COMMERCIAL 5/8"	2710	2668	(42)	-2%
COMM 3/4"	1875	1583	(292)	-18%
COMM 1"	1430	1871	441	24%
COMM 1 1/2"	2301	2111	(190)	-9%
COMM 2"	8585	7101	(1,484)	-21%
COMM 3"	274	303	29	10%
COMM 4"	7831	5695	(2,136)	-38%
COMM 6"	0	1075	1,075	#DIV/0!
TOTAL COMMERCIAL	25,006	22,407	(2,599)	-10%
IRRIGATION METERS				
IRRIGATION 5/8"	675	704	29	4%
IRRIGATION 3/4"	399	343	(56)	-16%
IRRIGATION 1"	2228	2501	273	11%
IRRIGATION 1 1/2"	1615	1443	(172)	-12%
IRRIGATION 2"	784	711	(73)	-10%
TOTAL IRRIGATION	5,701	5,702	1	0%
HYDRANT METERS				
	411	349	(62)	-18%
OUT OF DISTRICT CUSTOMERS				
CANYON CREST	5,559	5,221	(338)	-6%
COMM OUT OF DISTRICT 3/4"	134	117	(17)	-15%
COMM OUT OF DISTRICT 3"	3,231	3,685	454	12%
TOTAL OUT OF DISTRICT	8,924	9,023	99	1%
GRAND TOTAL	181,083	169,872	(11,211)	-6%

OCEANO COMMUNITY SERVICES DISTRICT - WATER CONSUMPTION INFORMATION

UTILITY BILLING	JAN - MARCH 2013 CONSUMPTION	JAN - MARCH 2014 CONSUMPTION	DIFFERENCE IN CONSUMPTION %
RESIDENTIAL CUSTOMERS			
RESIDENTIAL	37,447	35,638	(1,809)
RES OUT OF AREA	2,484	2,498	14
RESIDENTIAL SPLIT	2,662	2,561	(101)
TOTAL RESIDENTIAL	42,593	40,697	(1,896)
COMMERCIAL CUSTOMERS			
COMMERCIAL 5/8"	880	895	15
COMM 3/4"	537	553	16
COMM 1"	443	515	72
COMM 1 1/2"	731	628	(103)
COMM 2"	2,301	2,168	(133)
COMM 3"	97	104	7
COMM 4"	1,503	1,036	(467)
COMM 6"			0
TOTAL COMMERCIAL	6,492	5,899	(593)
IRRIGATION METERS			
IRRIGATION 5/8"	181	270	89
IRRIGATION 3/4"	109	93	(16)
IRRIGATION 1"	472	600	128
IRRIGATION 1 1/2"	367	257	(110)
IRRIGATION 2"	33	151	118
TOTAL IRRIGATION	1,162	1,371	209
HYDRANT METERS			
	194	91	(103)
OUT OF DISTRICT CUSTOMERS			
CANYON CREST	1,242	1,342	100
COMM OUT OF DISTRICT 3/4"	43	39	(4)
COMM OUT OF DISTRICT 3"	469	819	350
TOTAL OUT OF DISTRICT	1,754	2,200	446
GRAND TOTAL	52,195	50,258	(1,937)

OCEANO COMMUNITY SERVICES DISTRICT - WATER CONSUMPTION INFORMATION

UTILITY BILLING	MARCH - MAY 2013 CONSUMPTION	MARCH - MAY 2014 CONSUMPTION	DIFFERENCE IN CONSUMPTION %
RESIDENTIAL CUSTOMERS			
RESIDENTIAL	40,859	38,989	(1,870) -5%
RES OUT OF AREA	2,850	2,568	(282) -11%
RESIDENTIAL SPLIT	1,670	2,316	646 39%
TOTAL RESIDENTIAL	45,379	43,873	(1,506) -3%
COMMERCIAL CUSTOMERS			
COMMERCIAL 5/8"	887	833	(54) -6%
COMM 3/4"	621	442	(179) -40%
COMM 1"	413	585	172 29%
COMM 1 1/2"	735	759	24 3%
COMM 2"	2,507	2,377	(130) -5%
COMM 3"	137	132	(5) -4%
COMM 4"	2,829	1,990	(839) -42%
COMM 6"			0 #DIV/0!
TOTAL COMMERCIAL	8,129	7,118	(1,011) -12%
IRRIGATION METERS			
IRRIGATION 5/8"	239	205	(34) -17%
IRRIGATION 3/4"	136	98	(38) -39%
IRRIGATION 1"	783	730	(53) -7%
IRRIGATION 1 1/2"	487	461	(26) -6%
IRRIGATION 2"	380	206	(174) -84%
TOTAL IRRIGATION	2,025	1,700	(325) -16%
HYDRANT METERS			
	128	112	(16) -14%
OUT OF DISTRICT CUSTOMERS			
CANYON CREST	1,737	1,773	36 2%
COMM OUT OF DISTRICT 3/4"	44	36	(8) -22%
COMM OUT OF DISTRICT 3"	1,128	1,145	17 1%
TOTAL OUT OF DISTRICT	2,909	2,954	45 2%
GRAND TOTAL	58,570	55,757	(2,813) -5%

OCEANO COMMUNITY SERVICES DISTRICT - WATER CONSUMPTION INFORMATION

UTILITY BILLING	MAY - JULY 2013 CONSUMPTION	MAY - JULY 2014 CONSUMPTION	DIFFERENCE IN CONSUMPTION %
RESIDENTIAL CUSTOMERS			
RESIDENTIAL	45,252	42,255	(2,997)
RES OUT OF AREA	3,505	3,135	(370)
RESIDENTIAL SPLIT	4,312	2,431	(1,881)
TOTAL RESIDENTIAL	53,069	47,821	(5,248)
COMMERCIAL CUSTOMERS			
COMMERCIAL 5/8"	943	940	(3)
COMM 3/4"	717	588	(129)
COMM 1"	574	771	197
COMM 1 1/2"	835	724	(111)
COMM 2"	3,777	2,556	(1,221)
COMM 3"	40	67	27
COMM 4"	3,499	2,669	(830)
COMM 6"		1,075	1,075
TOTAL COMMERCIAL	10,385	9,390	(995)
IRRIGATION METERS			
IRRIGATION 5/8"	255	229	(26)
IRRIGATION 3/4"	154	152	(2)
IRRIGATION 1"	973	1,171	198
IRRIGATION 1 1/2"	761	725	(36)
IRRIGATION 2"	371	354	(17)
TOTAL IRRIGATION	2,514	2,631	117
HYDRANT METERS			
	89	146	57
OUT OF DISTRICT CUSTOMERS			
CANYON CREST	2,580	2,106	(474)
COMM OUT OF DISTRICT 3/4"	47	42	(5)
COMM OUT OF DISTRICT 3"	1,634	1,721	87
TOTAL OUT OF DISTRICT	4,261	3,869	(392)
GRAND TOTAL	70,318	63,857	(6,461)
	100.0%	100.0%	-9%

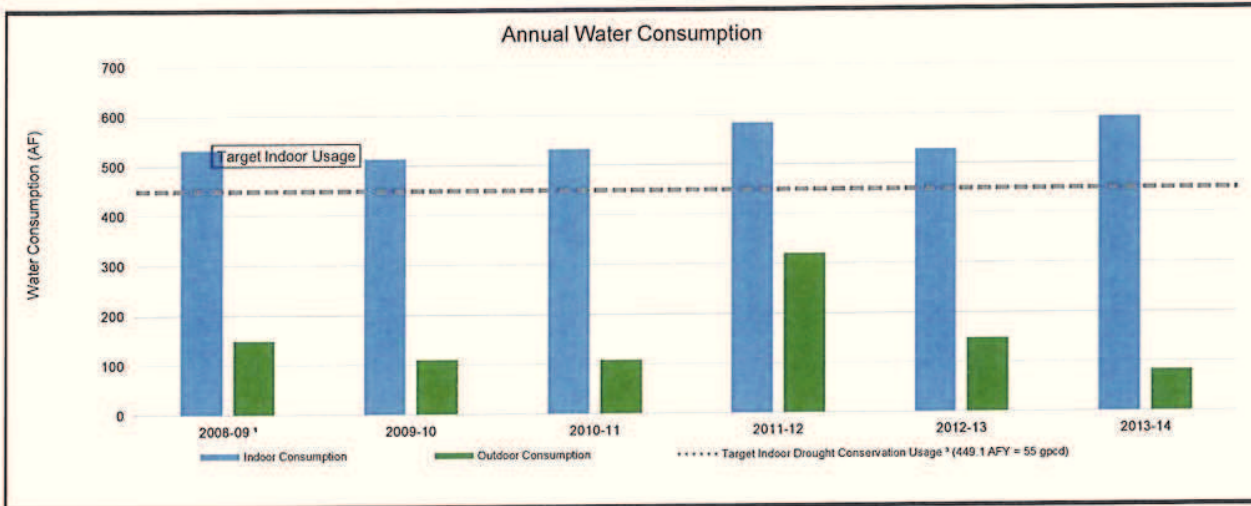
Agency: **Oceano CSD**

Production - Acre-Feet

Sources of Supply	2008-09 ¹		2009-10		2010-11		2011-12		2012-13		2013-14	
Lopez Reservoir	206	21%	74	9%	87	10%	102	11%	150	16%	79	9%
State Water	477	48%	638	75%	750	87%	750	83%	750	78%	473	51%
Groundwater	301	31%	137	16%	22	3%	52	6%	58	6%	87	9%
Surplus		0%		0%		0%		0%		0%	40	4%
Flood Control District		0%		0%		0%		0%		0%	244	26%
Total Production	983	100%	849	100%	859	100%	904	100%	958	100%	923	100%
System Losses	132	13%	96	11%	83	10%	89	10%	136	14%	90	10%
Net Distribution	851	87%	753	89%	776	90%	815	90%	822	86%	833	90%

Consumption - Acre-Feet

Usage	2008-09 ¹		2009-10		2010-11		2011-12		2012-13		2013-14	
Residential ²	681	80%	624	83%	640	82%	689	84%	676	82%	675	81%
Non-Residential	170	20%	129	17%	136	18%	126	16%	146	18%	158	19%
Total	851	100%	753	100%	776	100%	815	100%	822	100%	833	100%



Indoor and Outdoor Residential Consumption - Acre-Feet

Residential	2008-09 ¹		2009-10		2010-11		2011-12		2012-13		2013-14	
Indoor Consumption ⁴	532	78%	514	82%	532	83%	583	65%	528	78%	592	88%
Outdoor Consumption ⁵	149	22%	110	18%	108	17%	321	35%	148	22%	83	12%
Total	681	100%	624	100%	640	100%	904	100%	676	100%	675	100%

Consumption - Gallons Per Person Per Day

GPCD	2008-09 ¹		2009-10		2010-11		2011-12		2012-13		2013-14	
Population	7,277	N/A	7,279	N/A	7,282	N/A	7,284	N/A	7,287	N/A	7,289	N/A
Indoor gpcd	65.3	78%	63.0	82%	65.2	83%	71.5	65%	64.7	78%	72.5	88%
Outdoor gpcd	18.3	22%	13.5	18%	13.2	17%	39.3	35%	18.1	22%	10.2	12%
Total gpcd	83.5	100%	76.5	100%	78.5	100%	110.7	100%	82.9	100%	82.7	100%

Notes:

1. Water year = April 1 - March 31, unless noted otherwise.
2. The Residential Customer Class includes both Single Family and Multi-Family Classes.
3. Target Indoor Drought Conservation Usage = 55 GPCD x 2012-13 Population x 365 days/year x 325,851 gallons/AF
4. The lowest monthly usage within a single year (typically either January, February, or March) is assumed to represent indoor usage only.
5. Annual Outdoor Consumption = Total Residential Consumption - Annual Indoor Consumption
6. How do you get 50 GPCD for indoor consumption
7. Sold 100 AF to AG 2013
8. Sold 100 AF to AG 2012
9. Sold 100 AF to AG 2011
10. etc.

Agenda Item No: 32 • Meeting Date: August 12, 2014
Presented By: Paavo Ogren



Fact Sheet

Mandatory Water Conservation Regulation Go Into Effect

An [emergency regulation](#) to increase conservation practices for all Californians became effective July 29, 2014. The new conservation regulation targets outdoor urban water use. In some areas of the State, 50 percent or more of daily water use is for lawns and outdoor landscaping. This regulation establishes the minimum level of activity that residents, businesses and water suppliers must meet as the drought deepens and will be in effect for 270 days unless extended or repealed.

Prohibitions for ALL urban water users in California:

- The application of potable water to any driveway or sidewalk.
- Using potable water to water outdoor landscapes in a manner that causes runoff to adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots or structures.
- Using a hose that dispenses potable water to wash a motor vehicle, unless the hose is fitted with a shut-off nozzle.
- Using potable water in a fountain or decorative water feature, unless the water is recirculated. Recycled water is not mandated, but encouraged for fountain use.

Requirements for Urban Water Suppliers (serving >3000 connections):

- Implement water shortage contingency plans to a level where restrictions on outdoor irrigation are mandatory.
- Urban water suppliers without a plan, or without an adequate plan, must either mandate that outdoor irrigation be reduced to no more than twice a week or implement other mandatory use restrictions that provide a comparable level of savings.
- Report monthly water production beginning August 15. Include an estimate of the gallons per capita per day used by residential customers beginning with the October 15 report.

Requirements for Other Water Suppliers (serving <3000 connections):

- Mandate that outdoor irrigation be reduced to no more than twice a week or implement other mandatory use restrictions that provide a comparable level of savings.



Assessing Compliance

- Individual Prohibitions – evaluating alleged violations and taking enforcement action is primarily a local discretionary action.
- Water Suppliers – compliance will be evaluated based on multiple factors including implementation of the required actions, the content of the monthly reports (Urban Water Suppliers), and other relevant information.

Tips for Implementing the New Regulations

- Notify and educate staff, ratepayers and the community at large about the prohibitions.
- Inform ratepayers of the requirements of the stage of the Water Shortage Contingency Plan required by the regulations.
- Access the water conservation resources clearinghouse, a partnership of the State of California and the Association of California Water Agencies at either <http://www.saveourh2o.org/> or <http://saveourwater.com/>

Contact Information

- Report State Agency water waste at <http://www.saveourh2o.org/report-water-waste>
- Contact the State Water Board's drought hotline for questions on drought-related activities including general questions on the emergency regulations: (916) 341-5342.

More information on the emergency regulation can be found at the [Conservation Regulation Portal](#).

(This fact sheet was last updated July 29, 2014)

Oceano Community Services District Supplemental Background Information

Background – OCSD Water Portfolio

The following table illustrates that water resource portfolio of OCSD.

<u>Description</u>		<u>Annual Allocation</u>	<u>2013 Usage</u>	<u>2014 Availability</u>	<u>2015 Availability</u>
Lopez Water	a.	303	45	303	303
Groundwater	b.	900	93	900	900
State Water		750	750	38 c.	788 d.
Total		1,953	888	1,241	1,991

Notes: Quantities expressed in "acre feet"

a. Lopez allocation does not include "surplus water."

b. No formal restrictions exist in pumping groundwater; nevertheless, reduced groundwater levels warrant caution and the need exists to reduce groundwater pumping below the 900 acre feet.

c. Amount is based on 5% delivery scenario established by the California Department of Water Resources.

d. Amount includes "2014 Availability" plus preliminary County staff recommendations.

Background – State Water

Oceano CSD has a 750 acre foot annual allocation of State Water under contract with the Flood Control District, which is operated as a dependent special district of the County. The 2014 State Water "delivery percentage," established by the California State Department of Water Resources (DWR) is 5%, which amounts to a 2014 "delivery quantity" of 38 acre feet for OCSD.

In addition to annual delivery quantities State Water also has "carryover" water (water that was not used in prior years), a portion of which can be stored in San Luis Reservoir, which is located in Merced County along the main State Water aqueduct. The carryover water has two components, as shown in the following table.

Estimated 2015 Carry-Over Water per Exhibit "A"

Flood Control District Carryover Water	2,834 acre feet
State Water Subcontractors Carryover Water	2,256 acre feet
Total	5,090 acre feet

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Flood Control District Carryover Water

The Flood Control District's Carryover Water results from the "excess allocation" that is held by the Flood Control District. Overall, the Flood Control District has a contract with DWR for an annual allocation of 25,000 acre feet, but only 9,727 acre feet is under contract with State Water Subcontractors within San Luis Obispo County. The remainder of 15,273 acre feet is generically called the County's "excess allocation." It is this excess allocation that has resulted in the quantity of 2,834 identified as Flood Control District carryover water. Exhibit "F" illustrates the San Luis Obispo County allocations in greater detail and can be located at the following web address along with other related State Water information:

<http://www.slocountywater.org/site/Major%20Projects/State%20Water%20Project/>

State Water Subcontractor Carryover Water & Drought Buffer Allocations

Included in the 2,256 acre feet of State Water Subcontractors Carryover Water is the 2014 OCSD delivery quantity of 38 acre feet. Each State Water Subcontractor has the ability to store carryover water in San Luis Reservoir. Most of the water stored by State Water Subcontractors is a result of "drought buffer." Drought buffer allocations can be obtained by all State Water Subcontractors as a means to increasing their reliability of deliveries.

For example, as illustrated in Exhibit "E," Cuesta College has a State Water Table "A" annual allocation of 200 acre feet and a drought buffer allocation of 200 acre feet for a total allocation of 400 acre feet. Only the Table "A" allocation of 200 acre feet has delivery capacity in the State Water system and as a result, Cuesta College only has a maximum delivery right of 200 acre feet per year. In years when the DWR delivery percentage is less than 100%, further reliability is enhanced as a result of the drought buffer allocation. In illustrating this example, if the DWR delivery percentage is 50%, then Cuesta College can still fully utilize all of its capacity rights and obtain 200 acre feet of water since 200 acre feet of Table "A" Allocation + 200 acre feet of drought buffer = 400 acre feet * 50% DWR delivery percentage = 200 acre feet of delivery quantity.

OCSD has not contracted for drought buffer water. In general, OCSD's reliance on State Water is less than other State Water Subcontractors and the need for drought buffer is therefore not as great. Future consideration may be warranted by your Board. Nevertheless, the preliminary recommendations from County staff includes an additional allocation of 750 acre feet for OCSD in 2015 from the Flood Control District's carryover water. Consequently, preliminary County staff recommendations, if they are approved by the Board of Supervisors, will provide a total quantity of State Water available to OCSD of 788 acre feet in 2015.

County staff has acknowledged that their recommendations are "preliminary." They are requesting feedback, and are also interested in whether the State Water "sub-contractors" within San Luis Obispo County will be interested in meeting to further discuss the preliminary recommendations. In general, County staff recommendations have been developed based on needs during the emergency, and not based on a simple formula using existing contractual allocations. Since we are in a significant drought, the Board of Supervisors should be supported in making needs based determinations for allocating water during the emergency.

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Background – Support for Letter to Board of Supervisors

Appreciation for the 2015 Preliminary Recommendations prepared by County staff

The preliminary recommendations prepared by County staff seek to have State Water that is otherwise stored in San Luis Reservoir delivered to Subcontractors to help mitigate the impacts of the drought. The risk of not having the water delivered is that the State Water system could be potentially unable to deliver the water as the drought persists if there is a major system shutdown. Although the preliminary recommendations seem well thought out, and certainly beneficial to OCSD and other agencies in Zone 3 / NCMA, a meeting of the State Water Subcontractors could help provide a better understanding of the basis for the County staff preliminary recommendations, and how they relate to other drought related recommendations.

Support for a meeting with San Luis Obispo County State Water Sub-contractors

A meeting with State Water Subcontractors is advisable to gain a better understanding of the needs and how to best utilize State Water in the drought.

Concerns with the State Water Preliminary Recommendations - Regional Implications

In particular, the recommendation for 335 acre feet of State Water for the California Men's Colony (CMC) may warrant further understanding. CMC also obtains water from Whale Rock reservoir and it is generally understood that they have water in storage that provides them with a sufficient supply for multiple years into the future. There is some concern over CMC's ability to adequately treat Whale Rock water because their treatment facility is antiquated and has not been upgraded or well maintained over the past several years. Instead, CMC has been able to blend their Whale Rock water with State Water to meet water quality requirements in recent years.

Since the State Water excess allocation and the Flood Control District's carryover water is paid by Countywide taxpayers, CMC should have a lower priority in comparison to residential and other municipal needs within the County since the taxpayers, and not CMC, are paying for this water. Furthermore, CMC and other governmental operations along Highway One north of the City of San Luis Obispo can also obtain emergency supplies from the Nacimiento Water Project, either through an inter-tie connection (as proposed in the IRWM emergency funding plan) or through exchange agreements with the City of San Luis Obispo.

While concerns should exist over the proposed allocation of the Flood Control District's carryover water to CMC during the drought emergency, flexibility in timing should also give benefit of doubt to the CMC preliminary recommendation. The ability to upgrade the CMC treatment facilities, develop an emergency intertie with the Nacimiento Project and/or negotiate of an exchange agreement with the City of San Luis Obispo may each have challenges lending implementation in 2015 potentially difficult. Nevertheless, if the Board of Supervisors meets on August 12, 2014
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provide excess allocation of State Water to CMC during the drought, then the following conditions should also be considered:

- That the Flood Control District's allocation of carryover water to CMC should be on an exchange basis and repaid with Whale Rock water once CMC has completed deferred maintenance on their treatment facilities.
- That CMC contractually agrees to upgrade/maintain their treatment facilities so that they can adequately treat Whale Rock water for all governmental uses of potable water connected to the CMC facilities
- That CMC agrees to provide emergency supplies from Whale Rock Reservoir for those other governmental uses pursuant to a plan to be developed in conjunction with the County.
- That the Board of Supervisors agrees to implement the emergency intertie with the Nacimiento Water Project so that it too can be part of emergency supplies.

Falling short of these conditions will result in State Water as the emergency supply for much of the County and underutilization of Nacimiento and Whale Rock if the drought persists. With concerns over the reliability of the State Water Project as significant as they are, overreliance on State Water in emergencies and underutilization of Nacimiento and Whale Rock would be poor regional water resource strategies. State Water and Nacimiento Water are both financially supported by Countywide taxpayers and both should be available and utilized in droughts for emergency needs. In summary, while the County staff preliminary recommendations do seem reasonable, the underutilization of other local supplies such as Nacimiento and Whale Rock during the drought places undue burden on the State Water system to meet emergency needs.

Opportunities with State Water Preliminary Recommendations

After 2015, the remaining estimated carryover water of 1,258 acre feet, are allocation for the City of Morro Bay (993 acre feet) and San Miguelito Mutual Water Company (265 acre feet). Further discussion among State Water Contractors could seek to have that water also delivered in 2015. Doing so would reduce the risk of the water not being deliverable from the State Water system in 2016 if the drought persists.

The likelihood of any State Water Contractors agreeing to terms that would result on the delivery of the remainder water in 2015 is highly uncertain, but a scenario does exist. If the Zone 3 / NCMA agencies agree to pay Morro Bay for the equivalent cost of running their desalinization facility, then Zone 3 / NCMA agencies could potentially develop another emergency supply and reduce the impacts on current supplies in Lopez Lake and the NCMA groundwater basin. To date, discussions among the Zone 3 / NCMA agencies do not seem supportive of acquiring a supplemental source of emergency supply; instead discussions have been focused on the less-expensive Zone 3 surplus water in 2014. Without sufficient rain in the upcoming winter, the position of the other Zone 3 / NCMA agencies could change. Due to the time needed to consider optional scenarios, pursuing discussions at this time should be initiated in the event that the drought does persist.

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The position that 2015 delivery of State Water should be considered a higher priority than delivery of Lopez (Zone 3) Surplus Water, and,

The position that 2015 delivery of State Water should be considered a higher priority than pumping of groundwater by NCMA

Regardless of whether Zone 3 (Lopez Water) continues to be utilized during the drought, or the NCMA groundwater basin, both are from the same supply – i.e. local watersheds. Since both the groundwater basin and the reservoir are experiencing declines in water in storage, the delivery of State Water in 2015 will alleviate the current demands on our local water resources and allow Lopez and groundwater to last longer in the event that the drought persists.

Position on financial equity for the cost of delivering the County's Carryover State Water to the Lopez (Zone 3) distribution system

Although the water resource policy position to deliver State Water and preserve our local water resources is simple enough, the fiscal implications on those Zone 3 / NCMA agencies that solely rely on local water resources may impede implementation of the policy. Pismo Beach and OCSD have been paying for State Water for nearly two decades and the costs of doing so are incorporated into the water rates and charges paid by customers and property owners.

In contrast, Arroyo Grande and Grover Beach have not obtained supplemental supplies and seemingly are not readily able to pay the higher cost of imported water, whether on a normal annual basis or in an emergency situation. Yet, in 2015, if Pismo and Oceano do so, it would allow Arroyo Grande and Grover Beach to continue to rely on the less-expensive local water resources. It would be fiscally inequitable for OCSD to pay for emergency delivery of the Flood Control District's carryover water without cost sharing by the other Zone 3 / NCMA agencies. In the event that the other Zone 3 / NCMA agencies consider the need for emergency State Water in 2015, your Board should consider helping mitigate cost impacts to Arroyo Grande and Grover Beach by a) agreeing to amortize capacity costs over multiple years provided that b) delivery costs are paid proportionally in the year that the excess State Water is delivered.

Other Related Issues

On August 19, 2014, the Board of Supervisors may be considering the declaration of Surplus Water for the Lopez system for the water year that includes April 1, 2014 - March 31, 2015. The Surplus Water declaration has been somewhat controversial after the County declared a drought emergency because it provides the Board of Supervisors with greater latitude in determining how much water might be made available to Zone 3 agencies. Specifically, the Zone 3 contracts provide that the Board of Supervisors can curtail Zone 3 water deliveries.

Article 4(B). "...the aggregate Entitlements available under this Contract and under the Water Supply Contracts may be reduced, following written notice given to the Agency from the District, due to (1) permanent or long-term restrictions imposed upon the District caused by (i) extreme changes in long-term meteorological patterns that reduce the Safe Yield of the Project; or (ii) multi-year drought conditions; or (2) temporary or short-term limitations based upon (i) reduced ability of the Project either to treat or distribute water

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because of *force majeure*; (ii) drought conditions; or (iii) water quality standards which reduce the safe, treated output of the Project at that time.”

While other Zone 3 agencies have sent letters to the County from their attorneys expressing contractual rights associated with Zone 3 water, it is not recommended at this time that your Board direct staff to involve the OCSD legal counsel in this debate. Doing so would incur costs that would only be necessary if your Board is concerned that the Board of Supervisors would act in a manner, under their emergency declaration, that is contrary to the needs of OCSD and/or the other Zone 3 agencies. It is difficult to envision that the Board of Supervisors would take such contrary actions. First, the County has been meeting the requested deliveries of Zone 3 agencies throughout 2014. Second, no evidence exists that the County will act in a contrary manner. Third, the evidence does exist that the County is developing recommendations to help alleviate the impacts of the drought. In the unlikely event that cause for concern on County actions does develop, then involving legal counsel at that time would be warranted. In other words, focusing on water resource strategies in the drought should take precedence over employing legal counsel when the County appears to be addressing how they can help mitigate the impact of the drought.

County staff has also been steadfast in expressing the need for the development of the Low Reservoir Release Plan (LRRP) for Lopez Water. The LRRP is intended to identify how Lopez deliveries will be managed once the reservoir drops to 20,000 acre feet in storage (approximately 40% of the capacity of Lopez Lake). Consequently, the following are water resource strategies that should be the focus of Zone 3 / NCMA agencies:

- Completing the update to the LRRP.
- Improving NCMA groundwater management strategies; specifically establishing targets for groundwater pumping.
- Importing State Water carryover water in 2015 with equitable cost sharing.
- Increased conservation measures that are “triggered” as water supplies continue to decline.

Background - Next Steps

In addition to working with other Zone 3 / NCMA agencies on water management strategies, evaluating water consumption by OCSD customers and identifying further conservation measures needs to be done. Since uncertainty exists whether the other agencies will be willing to share in delivery of State Water during the drought, OCSD needs to develop a comprehensive conservation plan including mandatory conservation which considers both scenarios – a) if other agencies are willing to help pay for the delivery of emergency supplies and b) if other agencies are not willing to help pay for the delivery of emergency supplies.

- a) If other Zone 3 / NCMA agencies are willing to help pay for the delivery of the 750 acre foot preliminary recommendation.

Under this scenario, allocations of Zone 3 water, NCMA groundwater and State Water could be jointly considered by the agencies and a targeted maximum usage for each agency would be established. That quantity would then be used to determine the levels of conservation that would be needed for each agency.

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- b) If other Zone 3 / NCMA agencies are not willing to help pay for the delivery of State Water emergency supplies during the drought.

Under this scenario, staff can calculate the quantity of water that can be used from the OCSD portfolio and provide recommendations to your Board on conservation measures. Since the total annual water production of OCSD is slightly less than 50% of the OCSD portfolio, the following illustrates the different possible conservation targets and the quantity of groundwater pumping needed from OCSD customers, without utilizing State Water. Decisions to use State Water could at that time reduce groundwater pumping or decrease the need for conservation.

2015 Water Conservation Scenarios				
5 Year Water Production Average approximately = 900 acre feet per year				
Conservation Scenario	0%	10%	20%	25%
Estimated Production	900 acre feet	810 acre feet	720 acre feet	675 acre feet
Lopez Water (no surplus)	303 acre feet	303 acre feet	303 acre feet	303 acre feet
Groundwater Pumping	597 acre feet (66% of pumping rights)	507 acre feet (56% of pumping rights)	417 acre feet (46% of pumping rights)	372 acre feet (41 % of pumping rights)

Based on a preliminary evaluation of water use records, obtaining a 25% conservation target would require eliminating most outdoor irrigation if no indoor conservation is achieved. Further evaluation of water consumption records will be needed prior to developing specific water conservation measures, and alternatives, for your Board to consider.

SLOCountyWater.org

San Luis Obispo County Water Resources
Division of Public Works

Home > Major Projects > State Water Project

[Flood Control](#)
[Major Projects](#)
[Water Quality Lab](#)
[Water Resources](#)
[Real-Time Water Data](#)

State Water Project History

1963: San Luis Obispo County Flood Control and Water Conservation District (SLO County) enters into agreement with the Department of Water Resources (DWR) for 25,000 Acre-Feet per Year of State Water Allocation.

1992-1993: 4,830 Acre-Feet of State Water allotted to various SLO County sub-contractors.

1994-1998: Polonio Pass Water Treatment Plant and pipeline design and construction; SLO County contracts with the Central Coast Water Authority (CCWA) for water treatment plant and pipeline operation and maintenance.

1997: Drought buffer agreements established as 'insurance' for dry years: 3,657 Acre-Feet total drought buffer allocated.

Documents and Resources

- State Water Fact Sheet
- Capacity Study
- State Water Project Map - Statewide
- State Water Project Map - Coastal Branch
- Sanitary Survey Update Report 2001
- CCWA 2010 Urban Water Management Plan
- Board of Supervisors Policy on Excess State Water Supply - January 2003

July 18, 1997: Water Flows

Sub-contractor	Water Service Amount	Drought Buffer	Total Reserved
<i>Chorro Valley Turnout</i>			
		~\$1,100 per AF	
City of Morro Bay	1,313	2,290	3,603
CA Men's Colony	400	400	800
County OP Center	425	425	850
Cuesta College	200	200	400
<i>Lopez Turnout</i>			
		~\$1,000 per AF	
City of Pismo Beach	1,240	1,240	2,480
Oceano CSD	750	0	750
San Miguelito MWC	275	275	550
Avila Beach CSD	100	0	100
Avila Valley MWC	20	60	80
San Luis Coastal USD	7	7	14
Shandon	100	0	100
TOTAL	4,830	4,897	9,727



Excess Allocation

25,000 Acre-Feet
-4,830 (Allocation to sub-contractors)
-4,897 (drought buffer)
= 15,273 'Excess Allocation'

'Excess Allocation' can be used:

- to ensure achievement of full allocation in years of low delivery from State (<100%).
- for groundwater banking in and out the of County (currently evaluating in-County).
- for turnback pools (sell to the state or other contractors).
- for permanent sale.
- for yearly/multi-year sale.
- after expansion of facilities and/or contract negotiation.

Relations with the Central Coast Water Authority

- Exploring options to maximize use of facilities and allocations.
- Protecting the contractual rights of existing sub-contractor pipeline capacity is critical while exploring options for future use.
- Any new sub-contractor would need to 'Buy In' through negotiations - in addition to addressing other operational issues.

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San Luis Obispo County Board of Supervisors

Bruce Gibson, Board Chair

Caren Ray, 4th District Supervisor

Adam Hill, 3rd District Supervisor

Frank Mecham, 1st District Supervisor

Debbie Arnold, 5th District Supervisor

Date: August 6, 2014

Subject: Letter of Support on State Water and Lopez Water actions

Dear Members of the Board of Supervisors,

The purpose of this letter is to provide you with the recommendations from the Board of Directors of the Oceano Community Services District (OCSD) on water resource issues that we understand the Board of Supervisors will consider for OCSD and other agencies who contract with the San Luis Obispo County Flood Control and Water Conservation District (Flood Control District) for State Water and Lopez Water supplies.

The water resources for the Five Cities area are supplied from State Water, Lopez Water and groundwater underlying the Northern Cities Management Area (NCMA). These three sources of supply have been vital in meeting the agricultural and municipal needs of the Five Cities and sustaining our local economy. The OCSD has proactively helped ensure water resource reliability since joining and paying for State Water for more than 20 years and reducing our reliance on Lopez and groundwater.

Despite the long term commitment to water resource reliability by OCSD, the current drought is impacting all agencies in our sub-region of the County. The 95% cut-back in the 2014 State Water allocation, declining groundwater levels, and the increased reliance on Lopez Water in 2014 are significant causes of concern. Therefore we support the preliminary recommendations of County Public Works staff to allocate 750 acre feet of the Flood Control District's carryover water in the State Water Project to OCSD for 2015.

The OCSD Board understands that the preliminary recommendations are based on anticipated water needs during the drought versus optional supplies available to local agencies. We understand that the preliminary recommendations support preservation of local water resources.

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by bringing in currently available State Water. The OCSD is committed to working with other agencies utilizing Lopez Water and NCMA groundwater to ensure that this strategy is implemented in a fair and equitable manner for all agencies reliant on local water resources, while continuing to meet the needs of our customers during the drought. In summary, if the Board of Supervisors supports your staff recommendations, OCSD's first priority will be working with our neighboring communities during this drought so that State Water, Lopez Water and NCMA groundwater can be managed conjunctively and in a fiscally equitable manner.

Likewise, the OCSD is committed to working with other local agencies in addressing future reliability, including those issues that are currently being studied by the Flood Control District on issues such as water recycling and groundwater basin characterization. Later this month, we will be considering the update to the Integrated Regional Water Management Plan. In the coming months, we will initiate and promote dialogue between the NCMA agencies and the agencies who obtain groundwater underlying the Nipomo Mesa Management Area (NMMA).

Finally, we support current discussions on the Low Reservoir Response Plan (LRRP) for Lopez Water and a declaration of Surplus Water for water year 2014-15. The current LRRP identifies the need to modify the management of Lopez Lake when reservoir levels drop to 20,000 acre feet in storage (afis). This is estimated to occur later this year. These current efforts have created several LRRP operating scenarios which will be used to ensure that Lopez Water can meet an additional 3 – 4 years of demand, with corresponding increases in conservation as Lopez deliveries are reduced. Most notably, the OCSD is encouraged by discussions that acknowledge the need to curtail the allocation of Surplus Water generated from downstream users after reaching 20,000 afis, and the ability for each agency to carryover their Surplus Water while the LRRP is in effect.

Although the LRRP needs refinement before it can be presented to the Board of Supervisors for action, the progress on the LRRP provides us some comfort that the County and other agencies are realistically facing the water resource challenges of this drought, and that entities are preparing for increasing levels of conservation. Although more is to be done, OCSD customers have reduced consumption by about 6% since the beginning of the year and 9% for the most recent billing period.

OCSD's support on the issue of Surplus Water is specifically for the calculation where the use of Entitlement Water is counted first. This is consistent with the historical methodology and was only modified due to concerns for flooding in Oceano if Lopez Dam spilled in 2011-12. With progress on the LRRP, OCSD also supports the Board of Supervisors judgment and use of your emergency powers to approve additional emergency Lopez Water deliveries for water year 2014-15 in order to reduce overall groundwater pumping. This will allow local agencies to fully develop drought contingency plans as required by the State Water Board.

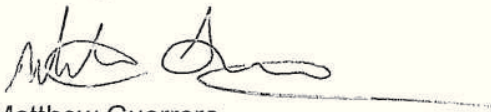
In summary, the following points reflect the recommendations of the OCSD Board of Directors:

- We appreciate and support the 2015 State Water Preliminary Recommendations prepared by County staff.
- We support a call for a meeting with San Luis Obispo County State Water Sub-contractors:
 - So that the underlying needs of State Water Subcontractors, especially in comparison to their other available supplies, can be better understood.

- So that maximum delivery of available State Water during the drought can help to reduce the impact on local water resources.
 - So that the preliminary recommendations can be finalized and submitted to the Board of Supervisors in a timely manner.
- We support the 2014-15 declaration of Surplus Water and emergency water for Lopez Water Contractors based on the preliminary 2015 State Water recommendations and the current status of the Lopez LRRP.
- It is our position that the 2015 delivery of State Water should be considered a higher priority than delivery of Lopez Surplus Water or pumping of NCMA groundwater to preserve local water resources.
- We are committed to help ensure the delivery of State Water in a fair and equitable manner for the overall best management of Lopez Water and NCMA groundwater supplies.
- We support the preliminary recommendations that are being developed for the Lopez Water LRRP.

We look forward to continued collaboration with our neighboring communities and appreciate the work of the County, the Board of Supervisors, and the Public Works Department.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew Guerrero', followed by a horizontal line.

Matthew Guerrero
President, Oceano Community Services District.